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Chairman: Mr. Chowdhury ..... (Bangladesh)
later: Ms. Daes (Vice-Chairman) ..... (Greece)
later: Mr. Chowdhury (Chairman) ..... (Bangladesh)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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Organization of work

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The meeting was called to order at 10.10 a.m.

Agenda item 117: Improving the financial situation of the United Nations (*continued*) (A/52/444)

1. **Mr. Connor** (Under-Secretary-General for Management), presenting the year-end review of the financial situation of the Organization, said that there had been little movement in the three key indicators of cash, unpaid assessments and amounts due to Member States for troops and contingent-owned equipment..Aggregate year-end cash balances showed a high of $728 million in 1995, a decline to $677 million in 1996 and a slight drop to $669 million in 1997. Disaggregated, however, with regular budget cash and peacekeeping cash shown separately, the picture showed a steady downward level of peacekeeping cash, reflecting the decreasing level of peacekeeping assessments, and a continued regular budget cash deficit.

2. Temporary factors had added some $80 million to the peacekeeping cash balance of $791 million at year end 1997. The one-time $54 million underspend from the 1996-1997 budget and the unexpected contributions received in December 1997, principally from the United States of America, had had a favourable effect on the regular budget cash balance. Without those unusual factors, the regular budget cash deficit would have been approximately $195 million, comparable to the level of recent years, rather than the $122 million actually recorded.

3. The pattern of payment of regular budget assessments by the United States differed substantially from that of all other Member States. Payments by the United States had ranged from as high as 130 per cent of current-year assessments in 1990 to below 50 per cent in 1995. During the period from 1980 to 1997, 90 per cent of all regular budget assessments had been paid – leaving 10 per cent unpaid. In contrast, the amounts paid by other Member States had not differed as markedly from the amounts assessed either on a year-to-year basis or cumulatively. Ninety-nine per cent of all assessments had been paid, with only 1 per cent unpaid. That gap between assessment and payment levels caused the regular budget cash account to move into a deficit position and, until Member States, particularly the United States, closed the gap and paid down their arrearage, regular budget cash deficits would continue to occur at every future year end.

4. Unpaid assessments had declined from $2.1 billion at the end of 1996 to $2 billion at the end of 1997. Two factors could contribute to a reduction in the level of unpaid assessments. First, the level of new assessments could be moderated, as had occurred during the six-year period from 1994 to 1999, when there had been an aggregate decrease in regular budget appropriations of $100 million – although some of that decrease had been due to the adoption of net budgeting in the preparation of the programme budget for the biennium 1998-1999. Peacekeeping assessments had also fallen, from over $3 billion in 1995 to $1.2 billion in 1997. The second factor was arrearage payments. While there had been improvements in both regular budget and peacekeeping collections, the overall rate of improvement had been disappointing and an increasingly high percentage of assessments remained in arrears and uncollected.

5. The number of Member States paying their regular budget assessments in full had climbed to 100 at the end of 1997 and there had been a substantial decrease in the number of Member States owing more than their 1997 assessments. The absolute level of unpaid regular budget assessments also continued to decline, with the remaining level of $473 million at 31 December 1997 being highly concentrated in one Member State. Three Member States had accounted for 86 per cent of all unpaid regular budget assessments at year end 1997. Seventeen Member States had made no regular budget payments in 1997.

6. The aggregate amount of unpaid peacekeeping assessments at 31 December 1997 had been $1,574 million, a decrease of $150 million since 1995. The United States portion of unpaid assessments, however, had increased by $124 million. On the other hand, the Russian Federation was more than meeting the commitment given by President Yeltsin to pay off all arrears to the United Nations in seven years. As at 31 December 1997, 82 per cent of all unpaid peacekeeping assessments had been owed by three Member States.

7. The United Nations had no capital and no cash reserves as such. When the amount of cash on hand was low, it had no alternative but to slow down the payment of its obligations, largely payments to troop and equipment contributors. As at 31 December 1997, the aggregate debt to Member States for troops and equipment had been $884 million, down from a high of $1,155 million in 1995 but up from the 1996 level of $838 million. Since the end of 1996, it had been the Secretary-General's intention to compensate Member States each year for approximately the amount of the obligation incurred by the Organization that year for troops and equipment and to pay down aggregate debt arrearage when Member States paid down substantial amounts of their peacekeeping assessment arrearages. That policy had been followed in 1997. Unfortunately, negotiations with Member States which had provided contingent-owned equipment to missions had required an

upward revaluation of $100 million of the aggregate debt. There had been similar revaluations in the past and it was not unlikely that, following negotiations with the Member States involved, additional revaluations would occur in the future. Over 70 Member States were owed amounts for the use of troops and equipment, of which six were owed in excess of $40 million each.

8. Looking ahead to 1998, combined cash was projected to decline further to $577 million as compared with $669 million at the end of 1997. A return to the deficit levels experienced in 1995 and 1996 was projected for the regular budget component of the combined cash balance.

9. Although there was inherent difficulty in making cash-flow projections for peacekeeping, peacekeeping cash was also projected to continue to decrease, to a level of $761 million at the end of 1998. Cash projections for peacekeeping were based on three key assumptions: that the level of peacekeeping would decline to $800 million; that new obligations for troops and equipment would be about $170 million; and that the Secretary-General would continue in 1998 to pay Member States an amount approximately equal to the new obligation for that year.

10. As a result there would be a further increase in the percentage of peacekeeping cash which must be cross-borrowed by the regular budget to offset the cash deficit in that account.

11. Regular budget assessments of $1.1 billion for 1998 had been issued to Member States in December 1997. By the expected payment date of 31 January, however, only 24 Member States had paid in full. By the end of February, the number of Member States making full payment had increased to 39, the same number as in 1997. As a consequence, the normal surge of cash inflows traditionally expected at the beginning of each year had not materialized for 1998. The Secretary-General urged all Member States to make prompt payments of amounts now past due.

12. At the end of 1998, the amount owed for troops and contingent-owned equipment was projected to increase to $890 million from $884 million at the end of 1997, and there were no indications of arrearage payments. The Organization therefore did not anticipate making any other payments to Member States in 1998 beyond an amount approximately equal to the obligation incurred for troops and equipment in 1998. Any further pay down of obligations would need to await arrearage payments.

13. To sum it up, the Organization's cash position was weak and getting weaker. Unpaid assessments were decreasing slowly while the ability to cross-borrow was drying up. The United Nations debt to Member States had become resistant to change and the Organization was faced with a situation requiring choice, where someone could be the last one to get paid.

14. **Mr. Wibisono** (Indonesia), speaking on behalf of the Group of 77 and China, said that the Organization's current financial difficulties were mainly the result of the failure by some Member States, and in particular the major contributor, to fulfil their obligations under the Charter in full, on time and without conditions. Sympathetic understanding should be given, however, to those States which, though willing to pay, were temporarily unable to do so owing to genuine economic difficulties and reasons beyond their control. Due consideration should also be given to the debts owed by the Organization to Member States. Indeed, it should be emphasized that the Organization had been functioning at the expense of those Member States and in particular the developing countries which had contributed troops and equipment.

15. The Group of 77 and China also wished to emphasize that the lack of political will on the part of certain Member States to fulfil their financial obligations should not be used as a pretext to confuse that issue with others. It wished, further, to reiterate its view that the scale of assessment bore no relation to the Organization's ongoing financial crisis.

16. **Mr. Baquero** (Colombia), speaking on behalf of the Movement of Non-Aligned Countries, said that the United Nations had been in a state of financial crisis almost from its creation. The only solution to the problem was for Member States to fully discharge their financial obligations to the Organization. Indeed, the constant violation of the principle of international law that parties to a treaty must observe its provisions in good faith undermined the noble aims and purposes for which the United Nations had been established. Of even greater concern was the way in which the Organization's financial "sickness" was being manipulated by some. In fact, the problem had ceased to be a merely technical one and had taken on political dimensions.

17. The Movement of Non-Aligned Countries was concerned at the continued borrowing from peacekeeping cash to fund regular budget expenditures, which resulted in the delay of payments to troop contributors, many of which were developing countries. A solution to that problem was urgently needed, since even the resources in the peacekeeping account were dwindling and the Organization would shortly be facing a serious liquidity problem.

18. The time had come to give serious consideration to mechanisms for restoring the Organization's financial

stability, such as the use of incentives and disincentives, including giving preference in the award of procurement contracts to those Member States which had fulfilled their financial obligations to the Organization.

19. **Mr. Thorne** (United Kingdom), speaking on behalf of the European Union, the associate countries of Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia and, in addition, Iceland and Norway, said that the underlying trends noted in the statement by the Under-Secretary-General, and in particular the continued recourse to borrowing from peacekeeping cash, remained very disturbing. The European Union was concerned that even the unfortunate practice of cross-borrowing might soon become impossible, given the decline in available peacekeeping funds. By forcing upon the Organization such difficult cash constraints, the international community was limiting the freedom of the Secretary-General to pursue the reform objectives which it supported.

20. There was no avoiding the fact that those Member States which did not meet their obligations must bear the fundamental responsibility for the current cash-flow problems. The European Union looked forward to the contributions to the debate of those Members in arrears, and in particular the United States of America, which remained the largest debtor. The European Union was of the view that all Member States should fulfil their obligations in full, on time and without conditions and that any unilateral reduction of amounts owed to the Organization by the United States was unacceptable. In that connection, the European Union welcomed the adoption of a revised scale of assessments for the regular budget, even though it would have preferred to make the process of funding the Organization less complex. Despite some progress in that area, there was still need to make the scale more truly reflective of the actual capacity of Member States to pay and to share the burden more equitably.

21. In addition to the issues of arrears and of fairness and transparency in the regular budget scale, the European Union had also proposed the revision of the peacekeeping scale and the introduction of incentives and disincentives to encourage Member States to better meet their obligations. Those proposals remained on the table and the Union would be pursuing them at the appropriate moment. Among other proposals to which the European Union was attached was the question of tightening the rules for the implementation of Article 19 of the Charter and the application of those rules to ensure that the disincentive envisaged by the founders of the Organization was properly implemented.

22. **Mr. Saha** (India) said that his delegation associated itself with the statements made by the representative of Indonesia on behalf of the Group of 77 and China and the representative of Colombia on behalf of the Movement of Non-Aligned Countries. As long as Member States failed to abide by their Charter obligation to pay in full and on time, or failed to pay their outstanding arrears on the basis of a time schedule, the United Nations could not undertake proper financial planning. Yet Member States continued to entrust the Organization with important mandates in furthering the twin causes of global development and peace.

23. Despite the obvious cause of the crisis, some Member States had sought to deflect attention from the failure to meet their obligations by emphasizing other factors. Economic underdevelopment, political change and transition and temporary financial problems continued to impede some countries' ability to pay. Most crippling, however, was the withholding of assessed contributions by the largest contributor. Long delays in reimbursement for peacekeeping troops and equipment posed yet another problem for certain Member States. Consensus measures were essential to address the crisis facing the Organization. India had repeatedly stated its commitment to reform of the United Nations, including financial reform.

24. An equally serious crisis affected the funding of the Organization's operational activities. Despite a number of pledges of new and additional resources for development, the overall level of resources for development had dwindled. His delegation hoped that the Secretary-General's reforms would lead to the establishment of a funding system that would generate a substantial increase in resources on a predictable and secure basis.

25. The Secretary-General had made proposals to channel funds to development activities through mechanisms that would ensure greater administrative efficiency and savings in the Organization's regular budget. However, the relevant report of the Advisory Committee had made it clear that, owing to the financial crisis, the Secretariat was drawing dubious distinctions between programme and administrative activities. It was desperately trying to demonstrate so-called savings in the hope of persuading defaulters to pay contributions which should be unconditional, but mandated programmes were the ultimate casualties of the failure to pay and the economy drive.

26. The United Nations had been exploring new and innovative sources of funding as a way out of the financial crisis. India welcomed such initiatives provided they did not distort the priorities of international development cooperation, which must continue to be based on the

nationally determined priorities of programme countries. Any new source of financing must support programmes and activities mandated by the competent intergovernmental bodies. In addition, they should not be used to bail out countries which defaulted on payment, nor should they become such an important component of financing that they disrupted or unduly influenced programmes mandated by the General Assembly. Finally, the debate on innovative sources of financing should not become another excuse for the Governments of developed countries to renege on the targets for official development assistance which they had committed themselves to.

27. The full impact of the financial crisis would only become apparent when the Secretariat provided a full cost estimate of all mandated programmes. For years, gratis personnel had been used to fill gaps in financing; now that such personnel were being phased out, the Secretariat should indicate how their work would be performed. The tasks formerly performed by gratis personnel should not become the latest casualties of the financial crisis.

28. **Mr. Sial** (Pakistan) said that his delegation associated itself with the statements made by the representative of Indonesia on behalf of the Group of 77 and China and the representative of Colombia on behalf of the Movement of Non-Aligned Countries. The serious financial situation, with its negative impact on mandated programmes and activities, was mainly the result of non-payment of assessed contributions by some Member States, especially those which had the capacity to pay but chose not to. The financial crisis had led the Organization to adopt extraordinary practices such as the employment of gratis personnel and the borrowing of money from peacekeeping budgets in order to meet the recurring expenses of the Organization. Consequently, certain countries had not been reimbursed for the peacekeeping expenses they had incurred. An extraordinary situation had arisen in which amounts owed to the developing countries for peacekeeping expenses were being used to finance the deficit created by non-payment of assessed contributions, particularly by the major contributor.

29. His delegation regretted that it had not been possible to reach consensus on specific measures to resolve the crisis. The Fifth Committee should consider various incentives for payment and disincentives for non-payment, thereby encouraging all Member States to pay their assessed contributions in full, on time and without conditions.

30. **Ms. Powles** (New Zealand) said that there was little which paid-up Member States could say to defaulters except that they should abide by their obligations under the Charter.

31. **Mr. Hanson** (Canada) reiterated the need for all Member States to pay in full, on time and without conditions. Since Member States had adopted both the new scale of assessments and the regular budget by consensus, it was hard to conceive of any justification for contributors to renege on their commitments. His delegation supported a system of incentives for payment of arrears, and also endorsed a tightening up of the application of Article 19 of the Charter.

32. **Mr. Greiver** (Uruguay) said that his delegation associated itself with the remarks made on behalf of the Group of 77 and China and the Movement of Non-Aligned Countries, and noted that the status of arrears to troop-contributing countries had actually worsened.

33. **Mr. Sklar** (United States of America) said that the United States intended to make partial payment of its current obligation beginning in March 1998; the amount it planned to pay was larger than the contribution of the next-largest contributor for the entire year. Nevertheless, it was true that United States arrears to the United Nations were still at a very high level. The President of the United States, the Secretary of State and the United States Mission to the United Nations were working closely with the Congress to release those funds.

34. **Mr. Odaga-Jalomayo** (Uganda) said that his delegation associated itself with the remarks made on behalf of the Group of 77 and China and the Movement of Non-Aligned Countries. Despite the gloomy picture painted by the Under-Secretary-General for Management, it was important to acknowledge that the majority of Member States took their assessed contributions very seriously, as demonstrated by the commendable example of the Russian Federation. His delegation was slightly concerned that the Under-Secretary-General's presentation had focused on the non-payment of assessed contributions during the first two months of the calendar year. Presenting the figures in that way ignored the fact that a number of States were both willing and able to pay, but the nature of their budget cycle precluded them from doing so at that particular time. The Under-Secretary-General should also account for the money received by the Organization in the form of private contributions from individual United States citizens.

35. **Mr. Dobe Mbalanga** (Democratic Republic of the Congo) said that his delegation associated itself with the remarks made on behalf of the Group of 77 and China and the Movement of Non-Aligned Countries. The lack of liquidity and persistent arrears that beset the Organization were, admittedly, problems of a technical nature, but they also had an undeniable political aspect. Member States

should refrain from getting bogged down in a fruitless political debate which would impair the capacity of the United Nations still further.

36. **Mr. Jaremczuk** (Poland) said that his Government had paid its assessed budget contributions the previous day.

37. **Ms. Silot Bravo** (Cuba) said that her delegation associated itself with the remarks made on behalf of the Group of 77 and China and the Movement of Non-Aligned Countries, and noted that the financial crisis was primarily the fault of the United States, which was flouting its Charter obligations. Member States should focus on resolving the problem, while at the same time acknowledging that some countries were willing to pay but were unable to do so because of pressing economic constraints.

38. **Mr. Blukis** (Latvia) said that he regretted that, for historical reasons, Latvia did not appear on the list of fully paid-up Member States. He hoped that his Government would be able to pay off its debt shortly. Regarding certain specific points in the Under-Secretary-General's presentation, his delegation commended the concrete and practical statements of intent on troop and equipment payments. The Under-Secretary-General should comment on whether revaluations in respect of amounts owed for troops and equipment were always higher or whether they were ever revised downwards. In relation to the Under-Secretary-General's remarks on the cash position of the regular budget and the peacekeeping cash balance, it might be useful to show the figures as percentages of expenditures.

39. **Ms. Achouri** (Tunisia) said that her delegation associated itself with the remarks made on behalf of the Group of 77 and China and the Movement of Non-Aligned Countries. A system of incentives for payment (and disincentives for non-payment) should be explored, and the application of Article 19 of the Charter should also be tightened up. It was regrettable to hear the Under-Secretary-General refer to cross-borrowing from the peacekeeping budget in such a matter-of-fact way; what was required was a lasting solution to the financial crisis, in other words payment of arrears by the largest contributor.

40. **Mr. Humenny** (Ukraine) said that, owing to reasons beyond his Government's control, Ukraine was the second largest debtor to the United Nations. His Government was working hard to reduce its arrears; accordingly, the proposed system of incentives and disincentives, as well as the proposed changes in the application of Article 19 of the Charter, were not acceptable to his delegation.

41. **Mr. Connor** (Under-Secretary-General for Management) said that the Secretariat continually updated the status of payments by Member States throughout the year. Slightly over $70,000 had been received in the form of private contributions from individual United States citizens; that money, which by law could not be used to pay down a Member State's debt, had been placed in a trust fund. Although the aggregate of contingent-owned equipment always seemed to be revalued upwards, the revaluation was done on a mission-by-mission basis, so there might be instances where the amount owed was occasionally revised downwards.

42. Although there was a clear relationship between the percentage of cash and the percentage of debt, in his presentation he had tried to show the ratio between levels of assessment and levels of debt. It was wrong to suppose that the Secretariat condoned the practice of cross-borrowing from the peacekeeping budget; indeed, the only sure route out of the financial crisis was for the largest contributor to pay into the budget the amounts it had withheld.

43. **Mr. Odaga-Jalomayo** (Uganda) said that the charts accompanying the Under-Secretary-General for Management's presentation showed that the number of Member States making no regular budget payments had increased from 12 to 17 between 1996 and 1997. He wondered whether the Secretariat had contacted those Member States to determine the reasons for their failure to pay and to ask when they planned to do so.

44. **Mr. Connor** (Under-Secretary-General for Management) said that while his office reminded those Member States of their obligations, most of them were unable to pay because of their national situations. However, frequent reminders were sent to major contributors.

45. **The Chairman** said that he hoped that the Under-Secretary-General for Management would draw attention to the statements made by Committee members at the current meeting at his noon press briefing.

Agenda item 114: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*) (A/51/804; A/52/7/Add.3, A/52/338, A/52/534 and Corr.1, A/52/776, A/52/777 and A/52/813)

46. **Mr. Abraszewski** (Joint Inspection Unit), introducing the Joint Inspection Unit report on the challenge of outsourcing for the United Nations system (A/52/338), said that the organizations of the United Nations system should actively consider whether, in a given situation, outsourcing was the best way of achieving efficiency and effectiveness and of building into the Organization's management culture a powerful agent for change that would maintain the

momentum of reform through incentives for innovation and cost-effectiveness.

47. He was pleased that the report was being considered together with the report of the Office of Internal Oversight Services (OIOS) on the review of outsourcing practices at the United Nations (A/51/804), since JIU and OIOS had cooperated closely in the preparation of the two documents. The reports were complementary; for example, the substantive information on outsourcing at the United Nations in the OIOS report compensated for the fact that the organization had not been able to provide data for inclusion in the JIU report. Both reports stressed the need to establish a policy on outsourcing and the usefulness of a focal point or facilitator in that regard. The validity of the findings and recommendations in the OIOS report was strengthened by the JIU report's system-wide perspective and inclusion of the experience of other organizations. In that regard, he noted that the World Bank, the International Telecommunication Union (ITU) and the United Nations Educational, Scientific, and Cultural Organization (UNESCO) were developing a policy on outsourcing.

48. Meeting the challenge of outsourcing, an established aspect of the United Nations system, did not mean deciding to outsource any specific activity or service, but, rather, exposing all appropriate activities and services of the United Nations system to the competition of outsourcing. Potential problems to be addressed included the need to respect the international character of United Nations organizations, to ensure appropriate control and management of outsourced contracts, and to avoid a negative impact on affected staff, who should not be penalized for past inefficiencies beyond their control.

49. JIU, in its report, recommended that the General Assembly and legislative organs of the United Nations system should request their Executive Heads to prepare policy statements committing their organizations to the use of outsourcing and including both criteria for determining which non-core activities should be considered for outsourcing and measures to ensure that the international character of the organization would not be compromised. Executive Heads should prepare a set of rules and/or procedures, propose changes in the structure and/or procedures of their secretariats in order to facilitate outsourcing, including the possible designation of a facilitator; ensure that Member States were provided with comprehensive, transparent information on outsourcing in regular programme budget submissions and performance reports; and endeavour to ensure that decisions to outsource specific activities or services did not have a negative impact on staff, and, when such impact was unavoidable, that measures were taken to protect those affected.

50. The report drew attention to the need for greater coordination and suggested that the General Assembly should request the Administrative Committee on Coordination (ACC) to develop a system-wide definition of outsourcing, encourage the sharing of outsourcing experience between United Nations organizations and explore possibilities for joint and coordinated action with regard to outsourcing in order to achieve economies of scale and increased bargaining power.

51. The fact that the Secretary-General had concurred with the recommendations made in the OIOS report was a sign that the United Nations could be expected to play a leading role in coordinating outsourcing within the system. Greater transparency and determination to explore the usefulness of outsourcing for international organizations should help to correct a perceived lack of confidence in outsourcing practices on the part of the United Nations system.

52. **Mr. Paschke** (Under-Secretary-General for Internal Oversight Services) said that the detailed information provided in the JIU report confirmed the findings of the OIOS report, especially with regard to the need to establish criteria and procedures for outsourcing. In particular, table 2 of the JIU report showed that cost-benefit analyses were not always used in determining whether a given activity should be outsourced. The reports differed in some respects, for example, the JIU report suggested that in-house staff might be permitted to compete for outsourced contracts, whereas the OIOS report advocated allowing staff to concentrate on areas in which they had particular expertise and outsourcing non-core functions. But it was clear that the issue of outsourcing provided an opportunity for JIU, OIOS and the Board of Auditors to cooperate in addressing issues of concern to the entire Organization.

53. *Ms. Daes (Greece), Vice-Chairman, took the Chair.*

54. **Mr. Herrera** (Mexico) said that his delegation welcomed the Secretariat's remarks concerning the phase out of type II gratis personnel in the Procurement Division in accordance with General Assembly resolutions 51/243 and 52/220 and supported the view of the Advisory Committee concerning the reclassification of a D-1 post to the D-2 level (A/52/7/Add.3, para. 16). He was concerned at the fact that, despite Secretariat efforts to widen the geographical basis of, and increase the number of, registered suppliers on the roster, there had been a further increase in the percentage of suppliers located in the country already most heavily represented. The activities described in paragraphs 36-37 of the Secretary-General's report on

procurement reform (A/52/534) and the establishment of an Internet homepage should lead to an increase in the number of potential suppliers. Lastly, his delegation requested information on the introduction of the incentive mentioned in paragraph 11 of General Assembly resolution 51/231.

55. **Mr. Wharton** (United States of America) said that his delegation welcomed the reports on outsourcing and procurement reform but that, despite considerable progress, much remained to be done. He was pleased that competitive bidding was increasing and now accounted for 72 per cent of all procurement since free and fair competition was the hallmark of a transparent, cost-effective system which would result in savings to the Organization and, ultimately, to Member States. He also welcomed the wider announcement of contracts, training of those responsible for procurement, completion of a procurement manual and enlargement of, and expansion of geographic representation on, the vendors' roster.

56. There was a perception that vendors from his country received a disproportionate share of United Nations procurement. However, United States products were highly competitive and United States vendors highly accessible. Moreover, Headquarters procurement accounted for only 10 per cent of procurement by the entire United Nations system, and United States vendors had provided only 10.4 per cent of total procurement for 1996. While the 1997 figure would be higher, it was unlikely to exceed 15 per cent. Provided that competition was fair, there should be few complaints.

57. **Mr. Moktefi** (Algeria) said that while his delegation welcomed the JIU and OIOS reports, he wondered why the United Nations had been unable to provide comprehensive information regarding outsourcing and asked the Secretariat to explain the nature of the problem.

58. **Ms. Powles** (New Zealand) requested copies to be made available of the Under-Secretary-General for Management's statement at the previous morning's meeting.

59. Paragraph 52 of the JIU report (A/52/338) mentioned the possibility of using former staff members as providers for outsourcing contracts. That practice might lead to a conflict of interest and a lack of transparency and would certainly require extensive auditing in order to protect the staff members themselves.

60. **The Chairman** announced that copies of the Under-Secretary-General for Management's statement would be circulated.

61. **Mr. Thorne** (United Kingdom), speaking on behalf of the European Union, said that his delegation welcomed, with some reservations, the recommendations contained in the reports on outsourcing submitted by JIU and OIOS. There were a number of differences between the two reports, especially with regard to the outsourcing of core functions; that issue deserved more careful consideration. Since Governments often contracted out services to reduce costs, the United Nations should be equally entitled to make use of outsourcing whenever it represented the best use of resources. The reports highlighted the risks inherent in improperly managed outsourcing, but also the benefits of well-managed outsourcing. Lastly, he welcomed the complementarity between the two reports, which should set an example for the work of the two oversight bodies elsewhere in the Organization.

62. **Mr. Hanson** (Canada) said that he shared the concerns expressed by the representative of New Zealand. An arrangement whereby ex-staff could compete for outsourced contracts would blur the distinction between outsourcing and in-house performance of services, and should be approached very cautiously. He noted that his Government did not award such contracts to former staff members until at least six months had elapsed since their separation from government service.

63. **Mr. Paschke** (Under-Secretary-General for Internal Oversight Services) introduced the report of his Office on the audits of the regional commissions (A/52/776). The Economic Commission for Europe (ECE) had not been audited because it was on a different audit cycle and because it relied on the United Nations Office at Geneva for support services, which were covered by separate audits. His Office would conduct an audit of ECE in the second half of 1998.

64. The audit of the Economic Commission for Africa (ECA) had found that major improvements in internal controls were needed to strengthen financial management. It had also uncovered problems with the accounting system, bank reconciliations and the collection of accounts receivable. ECA had responded by establishing an appropriate action plan and a timetable for its implementation. Despite the efforts that would be made to promote the new United Nations Conference Centre, the audit had found a number of factors that would limit the use of the facilities. ECA had reported that a proposed marketing strategy for the Centre, based on the results of a workshop held with the participation of representatives of the business community and of the host Government, was currently being finalized.

65. The audit of the Economic Commission for Latin America and the Caribbean (ECLAC) and its subregional headquarters in Mexico had found that programme management was generally satisfactory. However, ECLAC

should develop a methodology for assessing the quality of programme outputs and an evaluation manual for extrabudgetary projects. On the recommendation of his Office, ECLAC and the United Nations Environment Programme (UNEP) had concluded, in October 1997, an inter-agency agreement on administrative support with regard to the services provided to UNEP by ECLAC subregional headquarters in Mexico. The costs incurred by ECLAC should be fully reimbursed by UNEP.

66. His Office had recommended that the Economic and Social Commission for Asia and the Pacific (ESCAP) should strengthen its monitoring of programme performance, the implementation of its work programme and its procurement functions. Although ESCAP had received nearly $0.5 million in rental income, a large portion of those receipts had been used to employ additional staff.

67. The audit of the Economic and Social Commission for Western Asia (ESCWA) had recommended the strengthening of procurement and financial management and the improvement of security measures with respect to accountable documents. His Office had been informed that ESCWA had completed its relocation to Beirut according to plan, following a revision of the budget and the elaboration of a detailed plan for the move.

68. He then introduced the report of his Office's review of programme management in the Crime Prevention and Criminal Justice Division (A/52/777). The review, which had been conducted in June 1997, had found that the Division worked with little guidance from upper management. Resources were spread thinly because of the lack of a clear strategic direction and of proper prioritization. In view of financial constraints, efforts should be made to integrate interrelated issues into fewer activities, to refrain from expanding the Division's role into areas in which it did not have a comparative advantage and to collaborate more effectively with other United Nations entities. Moreover, steps should be taken to reduce the large volume of documentation prepared for the Commission on Crime Prevention and Criminal Justice. The focus of the programme of work should be shifted from standard-setting to the provision of technical assistance to Member States. The new managerial structure of the United Nations Office at Vienna would foster synergies between the crime and drug programmes and would absorb some of the administrative functions currently discharged by the Division, thereby making more resources available for the execution of the mandated programme of work.

Agenda item 116: Programme budget for the biennium 1998-1999 (*continued*) (A/52/7/Add.7 and A/52/699)

69. **Ms. Mayanja** (Office of Human Resources Management) introduced the report of the Secretary-General on the interim study of the question of honoraria payable to members of organs and subsidiary organs of the United Nations (A/52/699). Section I of the report indicated that the current rates of honoraria were based on General Assembly resolution 35/218. Section II recalled that the Secretary-General had proposed to the General Assembly, at its forty-seventh session, that the honoraria should be increased by 25 per cent. Section III indicated that, in 1995 and 1996, the President of the International Narcotics Control Board and the President of the United Nations Administrative Tribunal had raised concerns about the level of honoraria. Section IV recalled that the honoraria payable under General Assembly resolution 35/218 had been extended to the members of the Committee on the Elimination of Discrimination against Women and the Committee on the Rights of the Child. In section V, the Secretary-General indicated that he was resubmitting his recommendation that the rates of honoraria should be increased by 25 per cent, with effect as from 1 January 1998. Lastly, section VI indicated that the financial implications of the proposed increase would amount to $182,500 for 1998-1999.

70. *Mr. Chowdhury (Bangladesh) resumed the Chair.*

71. **The Chairman** drew attention to document A/52/7/Add.7, which contained the Advisory Committee's views on the Secretary-General's report.

Organization of work

72. **Mr. Wortel** (Office of Human Resources Management) said that the quarterly report on type II gratis personnel, to be submitted pursuant to General Assembly resolution 51/243, indicated that 14 such personnel had begun to provide services in the fourth quarter of 1997. Six of them worked for the Department of Peacekeeping Operations and eight worked for the International Criminal Tribunal for Rwanda. The report, which had been compiled from data submitted by 10 departments and offices at Headquarters and abroad, was currently being translated. The delays in its issuance had been beyond the control of his Office, as the offices submitting the information had not been accustomed to reporting in the format required by the General Assembly.

73. **Ms. Silot Bravo** (Cuba) said that, since the Committee would be considering the report on non-programme costs for the first time at the following day's meeting, an additional

meeting should be held on agenda item 116. She also asked what action would be taken on the proposal she had made at the preceding meeting to defer the issue of respect for the privileges and immunities of United Nations officials to the next session of the General Assembly, since it was to be considered biennially. Lastly, she repeated her delegation's request for confirmation that the provisions of General Assembly resolution 52/220 would continue to apply with respect to pilot projects and the use of the contingency fund.

74. **The Chairman** said that all delegations should use restraint in proposing that agenda items should be kept open, so as not to disrupt the Committee's programme of work. However, an additional meeting could be held on agenda item 116. The Bureau would discuss the timing of the consideration of the report on privileges and immunities at its next meeting. The report on the use of the contingency fund would be issued shortly, after which it would be considered by the Advisory Committee. He would inquire as to the availability of the report on pilot projects.

75. **Ms. Emerson** (Portugal) said that, when the decision had been taken to biennialize the consideration of the agenda item on human resources management, it had been decided that the Secretariat should submit an annual report on the privileges and immunities of United Nations officials. Accordingly, the Committee could take note of the report submitted each year, without necessarily taking action on it.

The meeting rose at 1 p.m.

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Chairman: Mr. Chowdhury ..... (Bangladesh)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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The meeting was called to order at 10.15 a.m.

Agenda item 113: Financial reports and audited financial statements, and reports of the Board of Auditors *(continued)* (A/52/727, A/52/753 and A/52/755)

1. **Mr. Kabir** (Bangladesh) said that he welcomed the proposals of the Board of Auditors for improving the implementation of its recommendations (A/52/753), particularly those concerning the specification of timetables for implementation in all cases, the concept of individual accountability and the establishment of incentives and sanctions. The establishment of a focal point to oversee the implementation of audit recommendations was an interesting idea. The proposals, which would enhance accountability and streamline operational efficiency, could also be used to improve the Fifth Committee's working methods. The Board's report on its audit of the Integrated Management Information System (IMIS) project (A/52/755) was important because it had revealed instances of mismanagement and of insufficient transparency and accountability.

2. **Mr. Gjesdal** (Norway) said that his delegation wished to align itself with the statement made previously by the representative of the United Kingdom, on behalf of the European Union and other countries, with respect to the Board's proposals for improving the implementation of its recommendations.

3. **Mr. Nath** (Chairman of the Audit Operations Committee) said that the Board of Auditors appreciated the support which a number of delegations had expressed for the content of its reports. It agreed with the representative of India that efforts for the early completion of the IMIS project should be monitored, and agreed with the representative of Bangladesh on the need for accountability in that regard. With respect to its report on improving the implementation of its recommendations, the Board agreed with the representative of the United Kingdom, who had spoken on behalf of the European Union and a number of other countries, that the proposal concerning individual accountability should apply only to programme managers and not to individuals at relatively junior levels, and that the proposed special committees should not duplicate any existing mechanism.

Agenda item 114: Review of the efficiency of the administrative and financial functioning of the United Nations *(continued)* (A/51/804; A/52/7/Add.3, A/52/338, A/52/534 and Corr.1 and A/52/813)

4. **Mr. Herawan** (Indonesia), speaking on behalf of the Group of 77 and China, said that the procurement process must be reformed in order to enhance its efficiency, cost-effectiveness, transparency, competitiveness and responsiveness to the Organization's needs. He regretted that the revised procurement manual had not yet been issued, despite repeated requests by the General Assembly. The Secretary-General should submit specific proposals for revising and amending the Financial Regulations and Rules as soon as possible, and the detailed guidelines on methods of invitation to bid should be finalized by the end of March 1998.

5. With respect to the supplier roster, he was concerned to note that relatively few suppliers from developing countries were registered or provisionally registered with the Procurement Division. Further efforts must be made to correct that situation. In particular, in the award of contracts for the procurement of goods and services, preference should be given to qualified vendors from developing countries. In addition, invitations to bid should be published simultaneously in printed and electronic form and should be sent to all permanent missions, consulates and trade commissions in New York and disseminated through the United Nations Information Centres on a priority basis. He was concerned to note that budgetary constraints prevented Procurement Division staff from travelling away from Headquarters. It was very important to allocate budgetary resources to enable such staff to attend seminars and exhibitions so as to ensure equal opportunity for vendors from all Member States, particularly developing ones.

6. In connection with the need to maintain proper inventory records for all United Nations assets, he emphasized the necessity of strict adherence to financial rules 110.25 and 110.26.

7. The approval of contracts on an *ex post facto* basis should be further reduced through better procurement planning. He looked forward to receiving the Secretary-General's list of exigency situations by the end of March 1998. With respect to statistics, he recalled the request contained in paragraph 5 of General Assembly resolution 51/231.

8. The phasing out of gratis personnel in the Procurement Division should not be delayed beyond July 1998. He asked for information on the status of implementation of paragraphs 18 and 37 of General Assembly resolution 51/231. The Procurement Division should comply with the recommendation of the Board of Auditors that all major procurement bids should be publicly opened and that the time and place should be specified in the invitation to bid. Lastly, he emphasized the need to define a policy on outsourcing, as well as norms and regulations, to avoid undermining the role of international civil servants in implementing the Organization's activities. The Secretary-General should submit a roster of contractors, along with an evaluation of their performance, to Member States so as to enhance the transparency of outsourcing practices.

9. **Mr. Thorne** (United Kingdom), speaking on behalf of the European Union and the associate countries of Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia, said he trusted that the revised procurement manual, which should have been issued by July 1996, would be completed by the end of March 1998. Likewise, the list of exigency situations, which had been called for in 1997, should be issued by the same deadline. In view of the urgent need for specific proposals on revisions to the Financial Regulations and Rules, which also should have been available by July 1996, he hoped that they would be submitted shortly.

10. He was not convinced that the supplier roster had become an active and viable instrument that reflected a reasonable geographical distribution of registered suppliers. He shared the concerns of developing countries in that regard, and emphasized the need for transparent and even-handed procedures. Member States should have access to the objective criteria used in preparing a short list of suppliers. A comprehensive supplier roster should be accompanied by a standard procedure for the preparation of performance evaluation reports on suppliers, and modern quality standards should be applied wherever appropriate.

11. He was disappointed that the consolidation, within the Procurement Division, of the functions of the Contracts and Procurement Office of the former Department for Development Support and Management Services had been delayed. He asked for an explanation and for an estimate of when the consolidation, which should also include the procurement functions of the Department of Peacekeeping Operations, would be completed.

12. He would welcome imaginative proposals for increasing the representation of developing countries and of countries with economies in transition on the supplier roster, and for helping companies from such countries to increase their share of United Nations procurement. He asked what progress had been made on the previous year's proposal concerning the provision of regular and comprehensive information on the contracts awarded on a country-by-country basis. He reiterated the European Union's proposal, put forward the previous year, that preference should be given, in the award of contracts, to suppliers from Member States that were current in the payment of their assessed contributions.

13. The Secretary-General's assurance with respect to the staff of the Procurement Division (A/52/534, para. 42) was difficult to reconcile with the Division's continuing failure to tackle long-standing problems. Since the Division was more than adequately staffed, and since some of its responsibilities had been transferred elsewhere, more progress should have been made. The process should be managed by a suitably qualified senior staff member recruited specifically for that task.

14. Procurement reform had made so little progress that the European Union's comments of the previous year were still applicable. The members of the Task Force on Common Services should address the Committee in relation not only to the issues he had raised, but also to matters such as system-wide cooperation and the delegation of greater authority to the field in the case of peacekeeping operations. He wondered why no action had been taken on most of the excellent proposals contained in the 1994 report of the High-level Group of Experts on Procurement. Lastly, he feared that the Organization's reputation was suffering as a result of its all too public inability to deal effectively with some of the mundane tasks involved in running a large bureaucracy. It was incumbent on all Member States to find ways to correct that situation immediately.

15. **Mr. Sial** (Pakistan) said that he associated himself with the statement made by the representative of Indonesia on behalf of the Group of 77 and China.

16. The useful reports of the Joint Inspection Unit (JIU) and of the Office of Internal Oversight Services (OIOS) identified a number of shortcomings in the existing ad hoc outsourcing system and made substantive recommendations to correct serious deficiencies. The reform of outsourcing practices should not lag behind the reform of the Organization as a whole. With reference to paragraph 9 of the JIU report (A/52/338), he asked why the United Nations had not provided the Unit with the information it required.

17. Paragraph 52 of the OIOS report on procurement reform (A/52/813) contained valuable recommendations. However, that paragraph also should have contained the

recommendations put forward in paragraphs 12, 46 and 50, as well as the other views expressed by OIOS to the effect that ceasing public bid openings would affect the transparency of the procurement process; that the role of an independent complaint bureau/ombudsman should be defined and procedures developed; and that a procurement policy document, a procurement procedural document and a standard operating manual should be incorporated into the procurement manual. Lastly, he asked what action the Office had taken on the request contained in paragraph 18 of General Assembly resolution 51/231.

18. With respect to procurement, he was concerned about the delays in the submission of proposed revisions to the Financial Regulations and Rules. Further efforts should be made to broaden the geographical base of the supplier roster. In that connection, invitations to bid should be posted on the Procurement Division's Internet home page. *Ex post facto* cases could be further reduced through better procurement planning and annual consolidated procurement plans. He hoped that the list of exigency situations would be submitted shortly, as indicated in paragraph 24 of the Secretary-General's report (A/52/534). He welcomed the assurance that gratis personnel would be phased out of the Procurement Division by July 1998, and hoped that other departments would follow suit. The Procurement Division should inform the Committee of the action taken on the amendment of the Staff Regulations and Rules to address conflicts of interest and on the request contained in paragraph 37 of General Assembly resolution 51/231.

19. He recalled that General Assembly resolution 52/214 B requested the Secretary-General to direct all departments to include in reports originating in the Secretariat a summary of the report, consolidated conclusions, recommendations and other proposed actions and relevant background information. The Assembly had also decided that all documents submitted to legislative bodies for consideration and action should have conclusions and recommendations in bold print. He wished to request the secretariat of the Committee to bring the above-mentioned provisions to the attention of bodies that submitted reports to the Fifth Committee.

20. **The Chairman** said that he would instruct the secretariat accordingly.

21. **Mr. Kabir** (Bangladesh) welcomed the strengthening of the Procurement Division including the phasing out of gratis personnel and the training of procurement officers, as helping to streamline procurement-related activities in the Organization. Access to the procurement process, however, was still limited to a certain number of Member States. Free competition was meaningless without the participation of all interested Members of the Organization. Similarly, elements of cost-competitiveness and efficiency alone could not address the existing imbalance in procurement and outsourcing practices. It was therefore essential to clearly define the utility of outsourcing, identify areas of application and modes of implementation and ensure balanced access by developing countries to the process. In addition to according some preference in the award of contracts to Member States which had paid their dues in full, a certain degree of preferential treatment should also be given to vendors and contractors from developing countries, especially the least developed among them.

22. Lastly, his delegation encouraged continued coordination between the Office of Internal Oversight Services and the Joint Inspection Unit, which could help to bring about system-wide improvement in the procurement and outsourcing activities of the United Nations.

23. **Mr. Riva** (Argentina) said that his Government attached great importance to the efficiency and transparency of the procurement process and had taken a number of initiatives to promote increased registration of national businesses on the United Nations suppliers roster. The United Nations Information Centre in Buenos Aires could play an important role in disseminating relevant information. It was important for all Member States to be able to participate in the bidding process and the supplier roster should be expanded to ensure the widest possible geographic coverage. The broad participation of businesses from a large number of Member States, all competing in an atmosphere of transparency, would enhance the Organization's procurement process.

24. **Mr. Saha** (India) hoped that the new procurement manual, the list of exigencies, the revised guidelines for the administration of letters of assist and the development of a single format for the provision of data and a common reporting system for procurement would all be completed by March 1998, as the Secretary-General had promised in his report on procurement reform (A/52/534).

25. The number of *ex post facto* cases appeared to suggest that the authorities concerned interpreted exigency provisions to mean that contracts could be concluded without the approval of the appropriate body. Exigency needs should not be used to bypass normal procurement approval procedures.

26. On the subject of procurement statistics, the data provided by the Secretariat pertained mainly to procurement by the Procurement Division at Headquarters. Data at the field and regional levels should also be made available, as

should an indication of procurement at all levels from each Member State and observer. His delegation looked forward to receiving 1997 procurement data disaggregated by commodity.

27. Regarding the Secretariat's efforts to expand and update the vendor roster, it was important that the criteria for approving vendors should be regularly reviewed. The practice of requisitioning departments recommending particular suppliers was unethical and tended to favour a few suppliers; it should be ended immediately. Permanent Missions to the United Nations should be informed of proposals for all major procurements, which should also be disseminated through United Nations Information Centres and through the Internet.

28. In addition, in order to establish transparent criteria for the registration of vendors from all regions of the world and to make the supplier roster more geographically representative, funds should be allocated to enable United Nations staff to travel to developing countries to attend seminars and exhibitions.

29. On the subject of outsourcing, there was need for a clearly defined policy incorporating adequate checks and balances to be submitted to the Committee for its consideration. Finally, an arrangement should be formulated to give preferential treatment to suppliers from Member States which had paid their assessed contributions in full.

30. **Mr. Zhang Wanhai** (China) noted that, despite the Secretary-General's efforts to establish a supplier roster on as wide a geographical basis as possible, only 6.9 per cent of suppliers were from developing countries. He hoped that no effort would be spared to increase that percentage. He also noted the progress made in reducing the number of *ex post facto* cases and hoped that their number could be reduced still further. He would welcome clarification of the meaning of partial *ex post facto*, as used in paragraph 34 of the report of the Secretary-General (A/52/534).

31. **Mr. Thorne** (United Kingdom) said that he was encouraged by the commonality of views on the subject of procurement reform. The Committee would benefit greatly from the presence of the new Assistant Secretary-General for Central Support Services when the issue came up for discussion in informal consultations.

32. **Mr. Kuznetsov** (Russian Federation) said that his delegation shared many of the concerns expressed by the representative of the United Kingdom on the subject of procurement reform. More specifically, it regretted the absence from the report of the Secretary-General (A/52/534) of information on and analysis of movement towards the ultimate goal of enhancing efficiency in that area. Even though the enhanced efficiency of the procurement process was one of the primary objectives set by Member States, many of the requisite evaluation criteria had not been covered in the report. He hoped that the following report of the Secretary-General would remedy those shortcomings.

33. The absence from the report of information on arbitration claims was also regrettable. Arbitration claims in 1995 had totalled more than $110 million and, in the absence of appropriate machinery, the United Nations stood a good chance of losing large amounts of money. He wondered whether any budgetary provisions had been made for the payment of arbitral awards and for legal counsel for the Organization. He also wondered whether any measures had been adopted regarding personal accountability in arbitral claims arising from the procurement of goods and services. His delegation was disappointed that the report of OIOS, whose evaluation was important to Member States, had largely overlooked the question of arbitration.

34. **Ms. Powles** (New Zealand) said that she shared the view of the United Kingdom, speaking on behalf of the European Union, that the most modern management techniques must be used in the Procurement Division. Nothing less than the reputation of the Organization was at stake.

35. **Mr. Paschke** (Under-Secretary-General for Internal Oversight Services) said that procurement was an area in which oversight was very much needed and it would continue to be a priority for OIOS. He had taken due note of the satisfaction expressed by delegations over the cooperation between OIOS and JIU. The Organization stood to benefit from the synergies between the two bodies.

36. Addressing some of the specific questions raised by members, he said that, if properly managed, outsourcing could be a means of enhancing efficiency and reducing costs. It could also enable programme managers to focus on their core functions. The proof of the success of outsourcing would be obtained through vigilant and ongoing monitoring and evaluation of each outsourcing exercise.

37. Reports relating to paragraphs 16 and 17 of General Assembly resolution 51/231 were being prepared and would be issued very shortly. Not all the findings of the Office of Internal Oversight Services had been reflected in its recommendations because it had been necessary to give priority to the most important areas. The Committee should bear in mind, however, that in its ongoing dialogue with management his Office was in the habit of making additional recommendations at the operational level. Moreover, OIOS

did not wish to repeat recommendations that had been made by other bodies in the United Nations system.

38. Comments had been made about the failure of the OIOS report to mention certain points relating to arbitration. Since the report dealt with procurement reform, arbitration was outside its scope and has not been considered a reform issue. If Member States were interested, OIOS would be glad to conduct a review and analysis of that topic.

39. **Mr. Robertson** (Chief, Procurement Division) said that competitive bidding guidelines had been used for many years and had recently been revised. His Division intended to publish the guidelines on the Internet so that prospective suppliers would be aware of the Organization's requirements. There were currently 3,500 suppliers on the supplier roster, very few of which were from developing countries. The Division hoped to attract more suppliers from developing countries by participating in special outreach seminars. Such events would enable the Secretariat to identify prospective candidates and encourage them to register. There was no obvious explanation why suppliers from developing countries were reluctant to bid for United Nations contracts.

40. It would not be feasible to disseminate invitations to tender through Member States' Missions via the Internet. Requisitions were typically characterized by a very short lead time, sometimes just a few days. It would take many weeks to advertise an invitation to tender and then assess and short list the replies. However, it was planned to advertise via the Internet and the media whenever possible, for example in the case of tenders over $200,000 – in any event all contracts over $25,000 had to be awarded on the basis of open tender.

41. The Division was cooperating with field agencies in the compilation of more comprehensive procurement statistics, and such information would naturally be made available to Member States. An exigency was defined as immediate procurement authorized by the head of a mission or office. The power to authorize exigencies was tightly circumscribed and exercised on very rare occasions. A Task Force was currently working on a revision of the Financial Regulations and Rules of the United Nations with a view to facilitating the work of the Procurement Division. Suppliers had to comply with minimum commercial and financial standards before being allowed to bid for United Nations contracts. A common system-wide approach to performance rating was also being adopted, which it was hoped would become standard procedure.

42. The Secretariat was disappointed that its efforts in the area of procurement reform had not been appreciated by some delegations. Much progress had been made within the framework of the High-level Expert Procurement Group. Reform was an ongoing and consultative process and it took some time for results to bear fruit. Member States should be specific in stating where the Secretariat's performance had been inadequate.

43. Partial *ex post facto* procurements were those in which there had been some delay in submitting the contract to headquarters for final approval, and hence the procurement had been regularized while it was being carried out. Full *ex post facto* procurements were those regularized long after the operation had taken place. Finally, the Procurement Division would be very willing to pilot any Code of Conduct that emerged from Member States' deliberations on that topic.

44. **Mr. Abraszewski** (Vice-Chairman, Joint Inspection Unit) said that he was pleased that the thrust of the JIU report on outsourcing (A/52/338) had met with the Committee's approval, and he was glad that the synergy between the Unit and OIOS had produced valuable results. The Unit hoped that its recommendations on outsourcing would prove useful to officials in the Department of Management and support services who had to deal with outsourcing on a day-to-day basis.

45. Paragraph 9 of the JIU report had not been meant as a criticism; despite the fragmentary nature of the data supplied, officials had provided much valuable material. The comments on outsourcing to be found in that paragraph could equally well be applied to other aspects of the Organization's finances, for example the total amount spent annually on travel or information technology. The Unit hoped that the introduction of the Integrated Management Information System (IMIS) would make it possible to track the Organization's finances in a more comprehensive manner. The Unit had mainly been concerned that the lack of reliable information on outsourcing might prejudice the Secretary-General's reform programme.

46. As far as paragraph 52 of the report was concerned, the Unit was aware of the concerns that had been raised by staff representatives and Member States alike regarding the use of ex-staff members as potential vendors/providers for the Organization's outsourcing contracts. The Unit's principal objective in raising the issue had been to avoid or minimize the negative impact which such a practice would have on staff members.

47. **Mr. Moktefi** (Algeria) said that his delegation had been disappointed to hear the Chief of the Procurement Division imply that the under-representation of suppliers from developing countries was a problem for the developing

countries themselves. Not all developing countries were equipped to focus on United Nations markets and help their suppliers to win contracts. The supplier roster should be expanded, and suppliers from developing countries should receive preferential treatment to redress the current imbalance. The Procurement Division should issue an updated list of suppliers broken down by nationality, market share, and goods and services supplied. The Secretariat should also comment on the fact that one company registered in a certain principality occupied a prime position in all procurement markets. Finally, with regard to paragraph 9 of the JIU report, his delegation had expected a somewhat fuller commentary.

48. **Mr. Farid** (Saudi Arabia) said that his delegation associated itself with the statement made on behalf of the Group of 77 and China. While some progress had certainly been made on procurement reform, his delegation had been concerned to read among the OIOS recommendations that vendor registration procedures should be enhanced to ensure that the vendor roster was reliable, a statement which seemed to imply that the present roster was not reliable. The Secretariat should also indicate precisely when it intended to issue the procurement manual and when it planned to start placing invitations to tender on the Internet. Generally speaking, his delegation was concerned that the General Assembly resolution on procurement reform had not been implemented. The Secretariat officials responsible for monitoring the implementation of resolutions should be more responsive in reporting non-implementation to the Committee.

49. **Mr. Sial** (Pakistan) noted that the Chief of the Procurement Division had said that public tendering was United Nations practice; moreover, the Board of Auditors had recommended that contracting for major procurements should be by open tender. However, it appeared that such was rarely the case. He wondered why the recommendations of the High-level Group of Experts on Procurement, made over three years previously, had not yet been implemented. The representative of the United Kingdom, speaking on behalf of the European Union, had rightly stated that there had been so little progress in procurement reform during the past year that it was scarcely worthwhile preparing a new statement on the matter. His delegation was concerned at the repeated delays in issuance of the procurement manual and supported the requests for a firm deadline in that regard. The proposal for a comprehensive review of the Financial Regulations and Rules as they pertained to procurement should be implemented on a priority basis.

50. The OIOS comment on recommendation no. 16 of the High-level Group of Experts (A/52/813, annex) that ceasing public bids openings, as suggested by the Group of Experts, would affect the transparency of the procurement process, was extremely useful and should have taken the form of a recommendation. The OIOS comment on recommendation no. 27 regarding the need to define the function of ombudsman assumed by the Office of the Assistant Secretary-General for Central Support Services was also very important. Lastly, he requested further explanation of the statement in the JIU report (A/52/338, para. 9) regarding the lack of coherent, comprehensive information on outsourcing for the United Nations as a whole.

51. **Mr. Herrera** (Mexico) said that his delegation had received no reply to its questions regarding the phasing out of gratis personnel and the introduction of the incentive mentioned in paragraph 11 of General Assembly resolution 51/231. He also wondered whether it would be useful for representatives of Mexican trade associations to meet with Procurement Division officials in New York.

52. **Mr. Saha** (India), speaking with regard to his delegation's request for 1997 procurement data, broken down by commodity, noted that the Customs Cooperation Council Nomenclature (CCCN) or its British equivalent was in operation throughout the world and that, while the preparation of documents could take time, statistics on commodities and countries involved in procurement could easily be posted on the Internet. His delegation offered to discuss bilaterally the possibility of establishing an appropriate format for such posting so that the relevant data could be made available to all Member States.

53. **Mr. Robertson** (Chief, Procurement Division), replying to the representative of the Russian Federation's question on arbitration, said that the Office of Legal Affairs was currently handling eight arbitration cases and that outside counsel with special expertise in that area had been engaged. The sum of US$ 110 million had been mentioned but was merely a proposal by the companies which had requested arbitration; moreover, a portion of that sum involved invoices for which payment had been withheld pending the receipt of proof that the money in question was actually owed. He hoped to provide the Committee with additional information after consulting with the Office of Legal Affairs.

54. In reply to a question by the representative of the United Kingdom, speaking on behalf of the European Union, he explained that the delay in consolidation, within the Procurement Division, of the relevant functions of the Contracts and Procurement Office of the Department for Development Support and Management Services had been the result of negotiations concerning staff reductions, the

scope of work of the new unit and the resources necessary to its functioning. However, as the Under-Secretary-General for Management had stated at a previous meeting, that task had been completed on 18 February 1998.

55. The representative of Algeria's suggestion that developing countries should receive preferential treatment in the awarding of contracts could not be implemented without a change in the rule requiring that the lowest acceptable bid should be taken. His Division was interested in expanding participation by developing countries but would need additional resources if its officials were to travel to regional trade fairs or similar gatherings.

56. He reminded the representative of Saudi Arabia that the Under-Secretary-General for Management had stated that the procurement manual would soon be issued, probably in March or April 1998. A copy of the draft was available but required further work, including incorporation of comments by OIOS and the Department of Peacekeeping Operations. His Division hoped to begin announcing public tenders on the Internet by April 1998.

57. In reply to the questions raised by the representative of Pakistan, he said that his Division had used open tendering through the media for a number of service contracts in excess of US$ 500,000 in the past, but that practice was extremely expensive and, owing to time constraints, was sometimes impossible. He would consult with his superiors regarding both that issue and the question of the ombudsman.

58. In reply to the representative of Mexico, he noted that the Under-Secretary-General for Management had stated that gratis personnel would be phased out by July 1998. Furthermore, his Division had already received, and was using, trade directories sent by various Missions and would be willing to meet with national trade associations in New York. However, as he had pointed out, it was not always possible for his understaffed Division to send its officials abroad for such meetings.

59. **Mr. Herrera** (Mexico) said that since his question regarding the mention of an incentive in paragraph 11 of General Assembly resolution 51/232 had not been answered, a written reply should be sent to his Mission.

60. **Mr. Robertson** (Chief, Procurement Division) said that the proposal made in paragraph 11 of that resolution was, in fact, existing policy since all suppliers were treated on an equal basis. His Division was developing a computerized database for suppliers and was endeavouring to ensure that as many countries as possible were included in the supply roster.

Agenda item 116: Programme budget for the biennium 1998-1999 (*continued*) (A/52/7/Add. 7 and A/52/699)

61. **Mr. Bond** (United States of America) said that the United Nations had taken conflicting views concerning honoraria, which were described as token payments authorized as exceptions to the no-fee rule, despite which there had been recurring proposals that experts' time and effort should be taken into consideration. The Advisory Committee had drawn attention to the lack of criteria for exceptions to the no-fee rule (A/52/7/Add.7) and to the fact that although members of the Committee on the Elimination of Discrimination against Women had been authorized to receive honoraria, no funds had been allocated for that purpose. His delegation considered that the granting of honoraria had been inappropriate from the beginning, and it was opposed to any increase in the sums paid to the members of committees which already received them. Therefore, pending the Secretary-General's report to the General Assembly at its fifty-third session, his delegation saw no reason to discuss the amount or criteria for authorization of honoraria.

62. **The Chairman** suggested that the Committee should recommend to the General Assembly that it should take note of the report of the Secretary-General on an interim study of the question of honoraria payable to members of organs and subsidiary organs of the United Nations (A/52/699); endorse the observations made by the Advisory Committee on Administrative and Budgetary Questions (A/52/7/Add.7); and decide to consider the comprehensive report by the Secretary-General on that question at its fifty-third session.

63. *It was so decided.*

The meeting rose at 1 p.m.

United Nations A/C.5/52/SR.50

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Summary record of the 50th meeting
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Chairman: Mr. Chowdhury ..... (Bangladesh)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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98-80283 (E)

The meeting was called to order at 10.10 a.m.

Agenda item 153: Human resources management (*continued*) (A/52/814)

1. **Mr. Paschke** (Under-Secretary-General for Internal Oversight Services), introducing the report of the Office of Internal Oversight Services (OIOS) on the audit of the use of consultants (A/52/814), said that completion of the audit and preparation of the report had been delayed by problems in the collection of data and reconciliation of the information received from various offices.

2. The major recurring problems detailed in the report concerned the selection and remuneration of consultants; administrative procedures needed to be improved and related internal controls strengthened in order to ensure that consultants were hired in an objective, transparent manner and that the fees paid to them were reasonable bearing in mind the work involved and the expertise required. To that end, OIOS had recommended the development of computerized rosters as part of the Integrated Management Information System (IMIS) and of realistic consultant remuneration scales, taking into account the market rates for different categories of consultants at each duty station.

3. The report mentioned cases of geographical imbalance in 1996 in which a small group of countries had accounted for up to 67 per cent of the consultants hired, but for the most part those consultants were nationals of the country where they were hired, a practice which resulted in considerable savings. Owing to problems in data collection, the figures for hiring and payment of consultants were merely estimates; however, that situation should be rectified by the introduction of corrective measures by the Office of Human Resources Management (OHRM). In response to a concern expressed by the General Assembly, OIOS had attempted to determine whether consultants were being engaged for functions previously performed by United Nations staff. Although it had found no clear evidence to that effect, the record-keeping problems noted during the audit had made it impossible to rule out the possibility.

4. The report had been prepared after extensive discussion with officials of the Secretariat and, in particular, of OHRM, who had concurred with the OIOS findings. Some of the recommendations included in the report had been implemented and others would be dealt with by the Secretary-General's Task Force on Human Resources Management.

5. **Mr. Yamagiwa** (Japan) said that his delegation concurred with most of the recommendations made in the report and that some of them, including those which concerned changes to the IMIS system, could be implemented immediately. He was deeply concerned by the data-related shortcomings which had delayed completion of the audit and preparation of the report. The use of consultants was common to all United Nations organizations and deserved to be considered within the broader perspective of personnel policy. In view of the fact that the Joint Inspection Unit (JIU) was also preparing a report on the use of experts and consultants, he suggested that the Committee should consider the OIOS and JIU reports together at the fifty-third session of the General Assembly, a procedure which had worked well in the case of the discussion of the two reports on procurement reform.

6. **Mr. Farid** (Saudi Arabia) said that his delegation fully supported the recommendations contained in the report and urged the Secretariat to remedy all the problems mentioned therein, particularly with regard to geographical balance, the need for revised control figures and the establishment of revised guidelines which would include a new term, "institutional or corporate consultants".

Agenda item 137: Financing of the International Criminal Tribunal for the Prosecution of Persons Responsible for Genocide and Other Serious Violations of International Humanitarian Law Committed in the Territory of Rwanda and Rwandan Citizens Responsible for Genocide and Other Such Violations Committed in the Territory of Neighbouring States between 1 January and 31 December 1994 (*continued*) (A/52/784)

7. **Mr. Paschke** (Under-Secretary-General for Internal Oversight Services), introducing the report of the Secretary-General on the follow-up to the 1997 audit and investigation of the International Criminal Tribunal for Rwanda (A/52/784), said that substantial change had taken place at the Tribunal since the 1996 review. A new spirit of cooperation between the Registry and other organs of the Tribunal had enhanced the Registry's role as service provider. The Tribunal now received support from United Nations Headquarters, in particular, the Department of Management and the Office of Legal Affairs. Reorganization of the Office of the Prosecutor under the new Deputy Prosecutor had led to improved operations and new indictments; the Registry's financial reporting, cash management, recruitment and personnel administration and overall management had improved; and additional facilities were in operation or under construction.

8. However, much remained to be done. The number of vacancies in the Registry and the Office of the Prosecutor remained high, but those posts must be filled through standard recruitment procedures. There was a need to establish stricter control over the use of vehicles, ensure compliance with United Nations procurement procedures, establish a credible witness protection programme and improve security, particularly for judges, at both Arusha and Kigali. The report also identified three new areas of concern: the need for a clear policy on procedural guidelines for use of the Tribunal's Trust Fund, guidelines for determining whether defence counsel fees were reasonable and necessary and strengthening of the Tribunal's press and public affairs unit in order to achieve media coverage commensurate with the importance of the trials.

9. Nevertheless, OIOS noted with appreciation the overall improvement since the previous review. It was, therefore, surprising that the Registrar, unlike all other parties involved, had questioned the objectivity and professionalism of the follow-up review. The report, like all other OIOS reviews, had been carried out in accordance with professional standards and, as to the question of objectivity, OIOS reported on significant issues, not on a political basis but wherever they arose.

10. **Mr. Gjesdal** (Norway) said that it was unfortunate that administrative and other difficulties had given rise to doubts concerning the Tribunal's ability to carry out its mandate. While his delegation welcomed the progress in implementation of the recommendations made in the 1997 OIOS report (A/51/789), it remained concerned at the substantial shortcomings in the areas of procurement, recruitment, personnel, witness protection, asset management, Trust Fund operations, defence counsel management and press and public affairs. His Government had full confidence in OIOS and considered it essential that the remedial action which it had proposed, and the measures endorsed by the General Assembly, should be fully addressed by the Registrar without delay. His Government also hoped that the Security Council would increase the number of judges on the Tribunal in order to avoid problems at the Trial Chamber level and further delays in the administration of justice.

11. **Mr. Thorne** (United Kingdom), speaking on behalf of the European Union, the associate countries of Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania and Slovakia, and, in addition, Liechtenstein, said that he welcomed the follow-up report and was pleased that many of the recommendations made in the 1997 report had been implemented. However, despite the request of the General Assembly, many of the recommendations made in the earlier report had not been implemented at the time of the second inspection period. He was dismayed at the numerous financial and administrative irregularities and attached great importance to the Tribunal's strict compliance with United Nations rules and regulations.

12. New recruitment was needed in order to compensate for the phasing out of gratis personnel and ensure the effective functioning of the Tribunal. He therefore regretted the slowness of recruitment procedures, particularly in view of the fact that the Tribunal had received the necessary funding, and the disparities in expertise and qualification between officials recruited at the same level. It was also important to establish an effective witness protection programme, protect the judges of the Tribunal, establish guidelines for payment of defence counsel fees and develop a code of conduct for defence counsel. While the European Union had initially been disturbed by the comments of OIOS concerning the Trust Fund (A/52/784, para. 79), more recent figures supplied by the Secretariat showed greatly increased use. He hoped that all expenditures were in conformity with the approved purposes of the Fund and noted that the Registrar had undertaken to establish a regulatory framework.

13. The Tribunal needed an effective infrastructure and administration in order to properly carry out its functions, and the improvement already under way was an excellent example of the value of effective oversight in the United Nations system and, in particular, of giving priority to continuous supervision of newly established bodies such as the Tribunals.

14. **Mr. Herrera** (Mexico) noted that four of the recommendations contained in the 1997 report had not been implemented and that only six had been implemented in full. Although his Government considered that the Security Council had exceeded its mandate by establishing the special tribunals, it was the Government's policy not to place any conditions on payment of its contributions to established bodies. Good management and resource administration resulted in savings for Member States and an improved image of the Organization, whereas failure to implement United Nations recommendations was more costly for all parties concerned. He welcomed the improved relationship between the Registry, the Chambers and the Office of the Prosecutor and supported the recommendations contained in the follow-up report and, in particular, in paragraphs 111-113. It was to be hoped that all OIOS recommendations would be implemented before the next follow-up report was issued.

15. **Mr. Watanabe** (Japan) said that his delegation attached great importance to the Tribunal's work but considered that the 37 per cent increase in its budget for 1998 must be accompanied by a corresponding increase in transparency and accountability. In that regard, the OIOS report was particularly useful since the distance between Arusha or Kigali and New York made it difficult for delegations to keep abreast of the Tribunal's activities. The inclusion in the follow-up report of comments by the Prosecutor, Registrar and other officials made it more balanced than the 1997 report.

16. With regard to the OIOS recommendations, it was important for qualified staff to be recruited as quickly as possible and appropriate action taken with regard to the officials mentioned in paragraphs 110-113. As to facilities, he suggested that the Tribunal might share space with other United Nations bodies with a view to increased security and efficiency.

17. **Mr. Sial** (Pakistan) noted with appreciation that the Tribunal had implemented, in whole or in part, 22 of the 26 recommendations contained in the 1997 report and hoped that it would take steps to address the ongoing and new problems identified in the follow-up report on a priority basis. He hoped that the inclusion of observations by the relevant officials and OIOS comments thereon, which enhanced the credibility and transparency of the follow-up report and were evidence of the consultative process that had led to its preparation, would continue in future reports. In particular, his delegation had noted the lack of control procedures governing expenditures from the Trust Fund, the plan to use the Fund to finance partially, against the advice of all parties concerned, a new programme which would provide funds to non-governmental organizations that assisted victims of war crimes, the issues raised in paragraphs 81-86 concerning defence counsel management, the lack of procurement planning, sole-source purchases of office supplies and splitting of purchase orders in order to avoid approval by the Local Committee on Contracts, the investment of considerable financial and human resources in the old UNIX system without the Controller's authorization, employment of staff without contracts and hiring without vacancy announcements, misuse of vehicles and lack of discipline in observing office hours.

18. Although OIOS had supported the Prosecutor's view that gratis personnel could be used until the vacancy rate fell to an acceptable level or until the end of 1998, his delegation considered that General Assembly resolution 51/243 required the expeditious phase out of gratis personnel and that only those whose services were essential to cases already under way could be retained until the end of the current calendar year. He also requested information on the status of the recommendation made in paragraph 110 from the point of view of General Assembly resolution 48/218.

19. **Mr. Mihut** (Romania) said that his delegation shared the views expressed by the representative of the United Kingdom on behalf of the European Union.

20. **Mr. Jaremczuk** (Poland) said that his delegation, too, agreed with the views of the European Union.

21. **Mr. Moktefi** (Algeria) said that his country had closely followed the progress of the International Criminal Tribunal for Rwanda and was pleased to note that most of the recommendations formulated by OIOS in its February 1997 report on the audit and investigation of the Tribunal (A/51/789) had been put into effect by the Tribunal itself. If, however, the Department of Management and the Office of Legal Affairs had provided sustained assistance to the International Criminal Tribunal for Rwanda, many problems might have been avoided; such assistance should be provided in order to avoid the resurgence of similar problems in future. Disturbingly, the follow-up report (A/52/784) showed that problems with IMIS continued to have a significant adverse impact on the functioning of United Nations bodies. It also indicated, in paragraph 17, that despite the recommendation of OIOS to discontinue a staff member's contract, it had been renewed; clarification would be welcome.

22. **Mr. Wharton** (United States of America) said his delegation fully supported the work of both the International Criminal Tribunal for Rwanda and the Tribunal for the former Yugoslavia. The report of OIOS on the follow-up to the 1997 audit and investigation of the International Criminal Tribunal for Rwanda was encouraging; the United States commended the Tribunal for the improvements in nearly every area surveyed. Significantly, the new Registrar and the new Chief of Administration had reported that they were taking corrective action in those areas where there were still difficulties. Further action was required in establishing procedures for defence counsel, adopting a code of conduct for defence counsel, devising procedures for handling and transporting cash, preventing circumvention of recruitment standards, taking administrative action against delinquent staff members and establishing guidelines for the operation of the Trust Fund. Finally, his delegation was pleased that the Department of Management and the Office of Legal Affairs were providing greater assistance to the International Criminal Tribunal for Rwanda, and looked forward to continued monitoring of the Tribunal's work.

23. **Mr. Odaga-Jalomayo** (Uganda) said his delegation supported the views expressed by Algeria.

24. **Mr. Paschke** (Under-Secretary-General for Internal Oversight Services) said that the question raised by the representative of Pakistan with regard to paragraph 110 of the report fell more properly to the Department of Management.

Agenda item 114: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*) (A/52/776 and A/52/777)

25. **Mr. Hummeny** (Ukraine) commended OIOS for the high quality of its reports. The report on the review of programme management in the Crime Prevention and Criminal Justice Division (A/52/777) was, however, distressing: inspections had shown that the Division lacked a clear focus and strategy, that the monitoring and coordination system was inadequate, and that upper levels of management provided insufficient guidance and oversight. Resources had been spread thin and used inefficiently. Those problems were related to the quality of the staff, who were unequipped to cope with the evolving realities of organized crime and its consequences, and resulted from a recruitment policy which chose to advance the careers of existing personnel rather than to use the services of experts.

26. He welcomed the endorsement by Executive Heads of the OIOS recommendations in its reports on the Crime Prevention and Criminal Justice Division and on the audits of the regional commissions, and looked forward to their prompt implementation.

27. **Ms. Silot Bravo** (Cuba) noted that the OIOS report on the audits of the regional commissions pointed out that ECLAC had reoriented its programme activities, and that its expenditures had therefore not corresponded to its proposed programme budget; her delegation hoped that such departures would not be revealed in the audit for 1998-1999. Remarkably, 73 per cent of the proposed programme budget had been turned to uses other than those planned. The question arose of how such budgetary diversions affected planned activities and whether ECLAC commonly managed its budgetary affairs in that manner.

28. The report also indicated that ECLAC had provided administrative support to the Regional Office of the United Nations Environment Programme (UNEP) in Mexico without any formal agreement defining the terms and conditions of that arrangement; Cuba commended ECLAC and UNEP for having undertaken a joint reassessment of administrative support arrangements, and supported the plan to conclude an inter-agency support agreement.

29. In its report on the review of programme management in the Crime Prevention and Criminal Justice Division, OIOS presented some interesting recommendations in the areas of administration and management. It also, however, encouraged the Commission on Crime Prevention and Criminal Justice to continue its efforts to impose self-restraint in the enactment of new mandates and to reorient the activities of its secretariat so as to expand its role only in areas where it had a comparative advantage. Such recommendations were outside the scope of OIOS.

30. The report revealed that the Crime Prevention and Criminal Justice Division was evaluating the periodicity of documentation, and recommended that the volume of parliamentary documentation might be reduced by subsuming in one document issues currently covered by several; such decisions should fall to the Commission and to the Member States.

31. **Ms. Aragon** (Philippines) said her Government attached great importance to the matter of crime prevention. Since the OIOS review had been conducted before the creation of the new Office for Drug Control and Crime Prevention, which would manage conjointly the Centre for International Crime Prevention and the United Nations International Drug Control Programme (UNDCP), the report had not evaluated the impact of the consolidation on management. The question thus arose of whether the recommendations contained in the report would apply to the new structure.

32. Documentation was an essential substantive responsibility of the Secretariat, and should not be viewed as a diversion of resources. Her Government was deeply grateful to the secretariat of the Crime Prevention and Criminal Justice Division for the parliamentary services it provided.

33. The Philippines also supported the provision of technical assistance, including training and advisory services, to Governments in their efforts to combat international crime. In accordance with the Naples Political Declaration and Global Action Plan against Organized Transnational Crime, regional meetings had been held around the world, at the ministerial level. Such efforts should advance the fight against transnational crime.

34. **Mr. Thorne** (United Kingdom), speaking on behalf of the European Union, said the report on the audits of the regional commissions indicated that earlier recommendations had been implemented; he expected that the remaining ones would also be addressed. The European Union attached great importance to crime prevention; it was worth recalling that the Committee for Programme and

Coordination (CPC), at its thirty-eighth session, would be closely studying the crime prevention programme. That might serve as an opportunity to assess the report in more detail.

35. **Mr. Moktefi** (Algeria) said his Government attached considerable importance to the Crime Prevention and Criminal Justice Division. The boundary between management and programme content was a narrow one; OIOS should take care not to overstep its mandate. All matters involving documentation, which included content, editorial policy and publication schedule, fell not to OIOS but to Member States.

36. **Mr. Odaga-Jalomayo** (Uganda) said his Government also ascribed great importance to crime prevention, and supported, in particular, assistance for regional efforts to combat crime. The report on the audits of the regional commissions indicated that the ECA accounting system was not functioning successfully, a failure which could be attributed to IMIS; for example, bank reconciliations had fallen behind. Strong punitive action should be taken against the staff member who was presumed to have fraudulently endorsed checks. His delegation looked forward with interest to the findings of the relevant investigation. He hoped that shortcomings in the areas of accounts receivable would promptly be redressed, in particular since the problem seemed to have been caused by an outdated computer system and a lack of adequate staff.

37. Uganda was distressed that the United Nations Conference Centre at Addis Ababa was understaffed: the programme budget had provided for two engineers at the Professional level and three General Service staff; as of the date of the audit, only the General Service posts had been filled. Attention must also be paid to increasing security at the Conference Centre.

38. **Mr. Bond** (United States of America) said his Government hoped that the recommendations in the two OIOS reports would be implemented in a timely manner. The report on the audits of the regional commissions indicated that a substantial portion of the resources used by ECLAC Mexico had gone towards unapproved activities. He was curious to know how such a situation had risen, and who, for instance, had instructed staff to carry out unauthorized projects.

39. **Mr. Paschke** (Under-Secretary-General for Internal Oversight Services), replying to the question put by the United States on the high proportion of outputs not included in the programme budget, said that in the view of OIOS, budget planning could be more realistic, and work carried out should adhere more closely to plan. Replying to concerns raised by Cuba, he said that ECLAC and the Office of Programme Planning, Budget and Accounts were currently discussing the ECLAC subregional programme of work; an inter-agency agreement had been concluded between ECLAC and UNEP in October 1997.

40. Regarding programme management in the Crime Prevention and Criminal Justice Division, OIOS reports were addressed to management, but were also written for the Commission. In effect, OIOS was asking the two of them to participate in a dialogue. OIOS had determined that there were an excessive number of mandates, so that secretariat resources were spread too thin, and had recommended that the Commission and the secretariat together should evaluate the number of mandates against the availability of resources and conduct a critical assessment of current and future needs. In fact, dialogue regarding the work of the secretariat and documentation had already begun. Decisions concerning documents would naturally be made by the Commission.

41. Responding to the observations of the representative of the Philippines, he wished to stress that in carrying out its inspections OIOS had been highly impressed by the skill and dedication of staff, particularly those who serviced the various legislative bodies. He nevertheless called upon the secretariat and the legislative bodies to examine together ways in which performance could be further enhanced. The forthcoming session of CPC would provide a useful opportunity to further explore those issues.

42. **Ms. Silot Bravo** (Cuba) said that it was important to draw a distinction between programme and administrative processes. Caution must be exercised when making recommendations pertaining to mandates, the volume of documentation and other matters in which there was a danger of crossing the boundary between the prerogatives of intergovernmental legislative bodies and those of management.

43. **Ms. Archini De Giovanni** (Italy) expressed satisfaction at the comments of the Under-Secretary-General for Internal Oversight Services regarding the dedication of staff. In the current climate of severe financial constraints, the success of the Organization's endeavours depended on the skill and dedication of its staff.

44. **Mr. Mirmohammad** (Islamic Republic of Iran) asked whether the report of OIOS would be taken up by the Commission on Crime Prevention and Criminal Justice at its April session in Vienna.

45. **Mr. Paschke** (Under-Secretary-General for Internal Oversight Services) said that the report would be considered by the Commission.

Agenda item 117: Improving the financial situation of the United Nations (*continued*) (A/52/444)

46. **Mr. Watanabe** (Japan) said that he wished to correct the erroneous impression that had been given at the Committee's 48th meeting by the representative of the United States. In his statement under agenda item 117, the representative of the largest contributor had claimed that the partial payment which his Government proposed to make in March 1998 would be larger than the contribution of the next largest contributor for the entire year. That statement was incorrect. In 1997, Japan had paid a total amount of $313 million in contributions to the regular budget and to the various international tribunals and peacekeeping operations. That amount was more than twice that which the United States had promised to pay in the near future. Instead of comparing its "payment-to-be-made in the future" with the amount already paid by the second largest contributor, the largest contributor should fulfil its obligations under the Charter and pay its arrears of $1.3 billion immediately.

Other matters

47. **Mr. Monayair** (Kuwait) said that the General Assembly, in its resolution 52/214 on the pattern of conferences, had decided that the two holidays of Id al-Fitr and Id al-Adha should be observed as official holidays of the United Nations, that no United Nations meetings should be held, and that United Nations buildings should be closed to the public on those days. He thanked the Office of Human Resources Management for the part it had played in implementing the resolution with regard to Id al-Fitr. However, he was concerned that the resolution had not been fully implemented with regard to Id al-Adha, which would fall on 7 April 1998. He said that the resolution had been adopted after extensive consultations in the Fifth Committee and the Group of 77 and China, and the fact that it was not being fully implemented was a cause of great concern to many Islamic countries. He sought a response on that issue.

48. **Mr. Farid** (Saudi Arabia) said that his delegation sought an urgent explanation from the Office of Human Resources Management as to why the General Assembly's decision that henceforth the two holidays of Id al-Fitr and Id al-Adha should be observed as official holidays of the United Nations at Headquarters and at other duty stations where applicable had not been fully implemented. He noted that, while Id al-Fitr had been made an official holiday, Id al-Adha had been placed on a list of optional holidays. Assembly resolution 52/214 A made no such distinction between the two holidays.

49. He would also welcome an explanation of why the staff representatives had issued a calendar in early January that showed both holidays as optional, thereby causing confusion among the staff. The General Assembly was the Organization's legislative body and its resolutions must therefore be fully implemented.

50. **Ms. Silot Bravo** (Cuba) reiterated her delegation's previous requests for a conference room paper to be prepared on General Assembly resolutions 52/220 and 52/221 on the subject of posts. She also sought information on the date when final authorization had been given to departments to begin the process of recruitment to fill the posts approved under the regular budget. It would also be helpful if the relevant administrative instruction could be made available to the Committee.

51. **Mr. Medina** (Morocco) thanked the Secretary-General for implementing the General Assembly's decision regarding Id al-Fitr, but was also concerned about the delay in the implementation of the provisions regarding Id al-Adha. He noted that the Staff Union had polled the staff in connection with the application of the Assembly's resolution. In his view, the implementation of General Assembly resolutions was a matter for the Secretariat and not for any other body.

52. **Mr. Elmontasser** (Libyan Arab Jamahiriya) said that his delegation supported the statements made by the representatives of Kuwait, Saudi Arabia and Morocco. He affirmed the importance of implementing General Assembly resolution 52/214 with regard to the two holidays of Id al-Fitr and Id al-Adha, and said that no consideration should be given to interpretations of the resolution which detracted in any way from its implementation.

53. **Mr. Sial** (Pakistan) said that he shared the views expressed by the representatives of Kuwait, Saudi Arabia, the Libyan Arab Jamahiriya and Morocco on the subject of the implementation of Assembly resolution 52/214 A.

54. **Mr. Sulaiman** (Syrian Arab Republic) said that his delegation supported the statements made by the two previous speakers on the subject of the two holidays of Id al-Fitr and Id al-Adha.

55. **The Chairman** reiterated his request that the Secretariat should respond by the following day to the questions of delegations regarding documentation. He had transmitted the representative of Cuba's request for information to the relevant substantive department of the Secretariat and would take up the matter with it again.

56. On the subject of the Muslim holidays, General Assembly resolution 52/214 A contained three relevant provisions: that no meetings should be held on Id al-Fitr and

Id al-Adha, that United Nations buildings at Headquarters and at other duty stations where applicable should be closed to the public on those days, and that the two holidays should henceforth be observed as official holidays of the United Nations. The Assistant Secretary-General for Human Resources Management had taken prompt action to implement the first two provisions. The first part of the third provision had also been implemented with the declaration of Id al-Fitr as an official holiday. The Assistant Secretary-General was actively considering ways of implementing the second part of the decision with respect to Id al-Adha. A major constraint, however, was the General Assembly's earlier decision to limit the number of official holidays in each calendar year to nine. He was confident, however, that a solution to the problem would shortly be found.

57. **Ms. Emerson** (Portugal) said that it might be useful for the results of the poll conducted by the Staff Union on the question of official holidays to be made available to the Committee.

58. **Ms. Achouri** (Tunisia), supported by Mr. Ahounou (Côte d'Ivoire) and Mr. Hanson (Canada), noted that, unlike the English versions, press releases in French on the Committee's meetings were not always immediately available on the Internet. It was important that equal treatment should be given to the Organization's two working languages. Even more serious was the frequent failure of the French press releases to accurately reflect the statements of delegations. Press releases were an important source of information for many delegations and she hoped that prompt action would be taken to correct the situation.

59. **Mr. Odaga-Jalomayo** (Uganda) said that he supported the comments made by the delegation of Tunisia. His delegation had found the press releases to be a useful source of information and hoped that the service concerned would be able to maintain the high standard of work which it had produced in the past.

60. On the question of the Muslim holidays, he wished to know whether it was the General Assembly or the staff that made decisions on such matters.

61. **Mr. Darwish** (Egypt) said the Egyptian delegation supported the statement made by the representative of Tunisia on the accuracy of press releases. His delegation had noted the lack of balance in the reports of representatives' statements. Sometimes the summary was one page or half a page, and sometimes it was one line.

62. **The Chairman** said it was the General Assembly that decided such matters as official holidays. The question of the reliability of press releases was a valid one. Some time previously, he had himself raised the issue with the head of the Department of Public Information and had been told that press releases were not official documents, but for the information of the media. Even so, he himself was of the view that they should accurately represent the views of delegations. He had also been reminded about the severe staff constraints under which the Department operated and of the "techno-political" nature of the Committee's discussions, which often made them difficult to summarize. He nevertheless believed that press releases should preserve the balance of the statements made in meetings and bring out the essence of the deliberations. If in doubt, press officers should consult with speakers. He would convey the Committee's views to the Office of Communications and Public Information (OCPI).

The meeting rose at 12.25 p.m.